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SUBJECT: NIV DEMAND IN VIETNAM AT RECORD LEVELS

¶1. Demand for nonimmigrant visas in Vietnam is at an all-time high, and shows no sign of slowing. NIV demand in 2007 is up over 40% compared to the same period in 2006 in both Ho Chi Minh City (HCMC) and Hanoi. In past years, NIV volume typically peaked in June and then gradually declined until beginning to rise again in October. This year, however, demand is remaining steady, or even rising, even as August begins; HCMC saw 49% more applicants in July 2007 than in July 2006.

¶2. Demand for tourist and business visas is high and growing, but interest in student visas is skyrocketing. Applications for F-1 visas are up by over 70% year-on-year, and by a whopping 160% over 2004. Incoming Ambassador Michalak noted during his recent confirmation hearings that he intended to double the number of Vietnamese students in the United States over the next three years; at current rates of increase, that goal will be met easily and will likely be exceeded.

¶3. When full visa services were established in Vietnam in early 2000, Mission management and CA had assumed that NIV volume in HCMC would take off, but for years NIV growth was slow or stagnant even as IV numbers kept going up. It seems that a corner has now been turned, and that NIVs will begin to comprise a larger and larger proportion of the Vietnam consular workload, in Hanoi as well as HCMC.

¶4. With signs of a booming economy visible on every street in downtown HCMC and Hanoi, and WTO accession completed, the Vietnamese people -- especially in the urban centers -- have more money than ever before and the U.S. remains the "dream destination" of most of those who want to travel overseas. U.S. education is also widely respected, with an American college degree the ultimate dream of those who can afford it. In the past, most U.S.-bound students were either government employees on state-sponsored scholarships or the children of high-ranking officials, but the situation is changing rapidly. State-sponsored education is expanding from Hanoi to the provinces, as evidenced by the "Mekong 1000" program in which the provinces of the Mekong Delta region are awarding 1,000 complete scholarships to local residents as part of their economic development plan. We are also already seeing increasing numbers of self-funded student applicants whose parents have been successful in private business and want to cement the best possible future for their offspring.

¶5. While Vietnam is clearly growing wealthier rapidly, it must be remembered that this remains a poor country with a high demand for emigration. We are issuing more NIVs than ever before, but refusal rates remain high: over 40% overall, and approximately 60% for students (largely reflecting the fact that unsuccessful F-1 applicants tend to reapply multiple times). Fraud has long been endemic on the IV side, and there are indications that it is increasing on the NIV side; FPU has confirmed numerous cases in which student applicants have bought whole packages of counterfeit documents from fixers, and we regularly hear rumors that this practice is widespread.

¶6. The combination of sharply increasing NIV volume and increasing fraud will put increasing stress on consular staff in the coming months and years, especially as IV and fraud remain heavy, ACS workload trends upward, and adoptions continue to go up. If current trends continue -- and there is no reason at this point to think that they will not -- Mission Vietnam will be asking CA for increased resources, both human and technical, to deal with these new consular challenges.

¶7. This cable was coordinated with Embassy Hanoi.

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